



MAPLES
GROUP

Funds & Investment Management Update – Ireland and Luxembourg

Quarterly Update | October - December 2024

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1 Legal & Regulatory

1.1 UCITS and AIFMD Update

EU

Directive (EU) 2024/927 amending AIFMD 2011/61/EU and the UCITS Directive 2009/65/EC relating to delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services, and loan origination by alternative investment funds ("AIFs") ("AIFMD II") has to be transposed into national law by EU member states by 16 April 2026. The changes introduced aim to strengthen investor protection; improve access to finance from sources other than banks; tackle greenwashing; and help complete the capital markets union by limiting national approaches when it comes to marketing AIFs. One of the major changes introduced by AIFMD II is the introduction of a pan-European loan origination regime for AIFs.

On 14 November 2024 the European Securities and Markets Authority ("ESMA") launched a [data collection exercise](#) together with the national competent authorities ("NCAs"), on costs linked to investments in AIFs and UCITS. It is a two-stage data collection involving both manufacturers and distributors of investment funds:

- Information requested from manufacturers will provide an indication on the different costs charged for the management of the investment funds.
- Information requested from distributors, i.e. investment firms, independent financial advisors, neo-brokers, will inform on the fees paid directly by investors to distributors.

A report based on this data will be submitted to the European Parliament, the Council and the European Commission in October 2025.

Ireland

On 1 November 2024, the Central Bank of Ireland ("Central Bank") published the [41st edition](#) of the UCITS Q&A revising QA ID 1012, ID 1016, and ID 1088 to encompass changes enabling the exchange traded fund ("ETF") naming requirement at the share class level.

On 1 November 2024, the Central Bank also [updated](#) its streamlined filing process to reflect implementation of ESMA's guidelines on funds' names using ESG or sustainability-related terms. These guidelines apply from 21 November 2024 and for funds in existence prior to this date, a transitional period of six months applies until 21 May 2025. This will result to an ability, in addition to changes to fund names, to incorporate minor changes to disclosure in the offering documentation and pre-contractual documentation made solely for the purpose of bringing the fund into compliance with the guideline requirements.

Luxembourg

On 19 December 2024, the Commission de Surveillance du Secteur Financier ("CSSF") updated its [FAQ](#) on the Luxembourg law of 17 December 2010 relating to undertakings for collective investment to reflect a new FAQ 12(1) on portfolio transparency requirements for actively managed UCITS ETFs. Historically, active UCITS ETFs were required to disclose their portfolio holdings daily. However, this information may now only be published once a month, with a maximum delay of one month to protect proprietary strategies and prevent replication by other market participants. In accordance with the ESMA ETF guidelines, each UCITS ETF should disclose its portfolio transparency policy in its prospectus. This disclosure should include details on where information on the portfolio can be obtained as well as the frequency and any applicable time lag of the publication of the portfolio.

AIFMD II Consultations

Ireland

The Department of Finance on 22 November 2024 opened a [public consultation](#) (until 17 January 2025) on the exercise of the national discretions in AIFMD II to be taken into consideration when deciding how to transpose it into Irish law. The matters subject to national discretion cover:

- extending the list of ancillary activities and services that may be provided by an external AIFM and by a UCITS management company.
- prohibiting AIFs that originate loans from granting loans to consumers in Ireland.
- permitting the national competent authority to allow the appointment of a depositary established in another member state, on receipt of a reasoned request from an AIFM and subject to strict conditions.

EU

On 12 December 2024, ESMA published a [consultation](#) on draft regulatory technical standards ("RTS") on open-ended loan-originating alternative investment funds ("LO AIFs") under AIFMD II.

LO AIFs are closed-ended by default. Article 16(2a) of AIFMD II provides that an AIFM must ensure that the LO AIF it manages is closed-ended. However, by way of derogation to this requirement, a LO AIF may be open-ended provided the AIFM that manages it can demonstrate to the competent authorities of its home member state that the AIF's liquidity risk management system is compatible with its investment strategy and redemption policy. Article 16(2f) mandates ESMA to develop draft RTS to determine the requirements with which LO AIFs are required to comply to maintain an open-ended structure. These must include a sound liquidity management system, the availability of liquid assets and stress testing, and an appropriate redemption policy having regard to the liquidity profile of LO AIFs. They must also take account of the underlying loan exposures, the average repayment time of the loans and the overall granularity and composition of the LO AIFs portfolios.

The consultation closes on 12 March 2025. ESMA expects to publish a final report and submit the final draft RTS to the European Commission by Q3-Q4 2025.

For more information see [AIFMD 2.0 – ESMA consults on open-ended loan originating AIFs](#)

1.2 ELTIF 2.0

EU

On 10 January 2024, Regulation [\(EU\) 2023/606](#) which revised the European Long-Term Investment Fund ("ELTIF") framework, came into effect across the EU. Commonly referred to as "ELTIF 2.0" it aims to make ELTIFs more attractive by removing certain regulatory obstacles. ELTIFs are EU AIFs managed by AIFMs that invest in long-term investments and can be distributed on a cross-border basis to both professional and retail investors.

On 26 October 2024, the [ELTIF 2.0 delegated regulation](#) RTS entered into force and marks the final major milestone on full implementation of ELTIF 2.0. It covers the requirements for an appropriate redemption policy and liquidity management tools and the circumstances for the matching of transfer requests of units or shares of the ELTIF. For more information see [ELTIF 2.0 – RTS Delegated Regulation Enters into Force](#)

Ireland

On 1 November 2024, the Central Bank [updated](#) its ELTIF application form to reflect the entry into force of ELTIF 2.0 delegated regulation RTS to include open-ended ELTIFs with limited liquidity. Information relating to the authorisation process for ELTIFs was also updated.

Luxembourg

On 25 October 2024, the CSSF confirmed its ELTIF application form has been updated to reflect the provisions of the ELTIF 2.0 delegated regulation RTS. It also confirmed that existing Luxembourg-domiciled ELTIFs that do not benefit from the grandfathering clause must make the necessary amendments to comply with the ELTIF 2.0 delegated regulation RTS as soon as possible and notify all resulting significant changes to the CSSF.

1.3 Ireland Funds Sector 2030 Review Report

Following a review of the Irish funds industry and wide engagement with industry participants, the Irish Minister for Finance, Jack Chambers on 22 October 2024 published the [final Report of the Funds Sector 2030](#). This review was initiated to ensure that Ireland maintains its leading position as a domicile for asset management and funds servicing and focused on three interlinked themes: open markets, resilient markets, and developing markets.

The report makes 42 specific recommendations across nine areas (legal structures and products; Ireland's regulatory and supervisory regime; harnessing technology; enabling more retail investment; structured finance; providing stability and certainty in investment in property; supporting the green transition; engagement and promotion; and skills and access to talent). These include enhancing the regulatory framework, promoting technological innovation, increasing retail investment participation, and improving the attractiveness of existing fund structures. Reforms to the taxation of funds (Irish, EU and OECD funds) are suggested to abolish the eight year deemed disposal rules and align the Irish tax rates with that applicable to other forms of investments, such that a lower rate would apply. In addition, there was a recommendation that Irish dividend withholding tax exemptions be extended to payments to investment limited partnerships to improve Ireland's attractiveness as a private equity fund domicile.

The report also emphasises the importance of collaboration between industry, government, and regulators to navigate future challenges and opportunities.

For more information please see [Ireland Funds Sector 2030 Review: Strategic Recommendations for Future Growth and Innovation](#)

1.4 Sustainable Finance Update

On 30 October 2024, the European Supervisory Authorities ("ESAs") (that is, ESMA, EIOPA and the European Banking Authority ("EBA")) published a [final report](#) on principal adverse impact ("PAI") disclosures under the Sustainable Finance Disclosure Regulation (EU) 2019/2088 ("SFDR"). It refers to PAI disclosures published by 30 June 2023, regarding the reference period from 1 January 2022 to 31 December 2022. The ESAs have assessed both entity and product-level PAI disclosures.

Overall, the ESAs noted positive progress on several elements compared to previous years. Improvements on the location of the PAI disclosures (which are becoming more accessible to retail investors), and on the level and quality of the information disclosed are noted. Also, improvements were identified in product PAI disclosures, although the share of products disclosing PAI information remains quite low. However, the level of compliance with SFDR provisions (at both level 1 and level 2) is not yet fully satisfactory. The report includes recommendations to NCAs and to the European Commission.

On 8 November 2024, a European Commission notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act (EU) 2021/2178 made under Article 8 of the Taxonomy Regulation (EU) 2020/852 on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets was published in the Official Journal of the EU ("OJ"). It:

- Covers the reporting obligations of large financial undertakings and financial undertakings admitted to trading on EU markets relating to how they finance, invest in, or insure taxonomy-aligned activities.
- Clarifies the scope of entities subject to the reporting obligations, the taxonomy assessment of specific exposures such as to retail clients, local authorities and exposures to individual undertakings and groups.

- Considers the rules on the verification and evidence of compliance with the EU taxonomy, and targeted questions related to credit institutions, insurance undertakings and asset managers.

The replies to the FAQs in the notice clarify the rules in the applicable legislation.

On 13 November 2024, the European Commission published [frequently asked questions](#) to give guidance on sustainability reporting requirements under the Corporate Sustainability Reporting Directive (EU) 2022/2464 ("CSRD"). It also addresses certain provisions of SFDR. It confirms that financial market participants may assume that if an investee undertaking subject to the CSRD reports an indicator as non-material, it does not contribute to the corresponding indicator of PAIs in the context of SFDR disclosures.

On 29 November 2024, the European Commission published a draft Notice on the interpretation and implementation of certain provisions of the Taxonomy Environmental Delegated Act (EU) 2023/2486, the Taxonomy Climate Delegated Act (EU) 2021/2139 and the Taxonomy Disclosures Delegated Act (EU) 2021/2178. It contains FAQs that provide technical clarifications on the technical screening criteria ("TSC") in the Taxonomy Climate Delegated Act and the Taxonomy Environmental Delegated Act. The FAQs also cover the disclosure obligations for the non-climate environmental objectives contained in the Taxonomy Disclosures Delegated Act.

On 12 December 2024, Regulation [\(EU\) 2024/3005](#) on the transparency and integrity of environmental, social and governance ("ESG") rating activities was published in the OJ. It introduces a regulatory regime for ESG rating providers operating in the EU. It enters into force on 2 January 2025 and will apply from 2 July 2026.

On 13 December 2024, ESMA published [Q&As](#) relating to its guidelines on funds' names using ESG or sustainability-related terms. Among other things, they clarify:

- Investment restrictions relating to the exclusion of companies do not apply to investments in European green bonds. For other green bonds, fund managers can use a look-through approach to assess whether the activities financed are relevant for the exclusions.
- Investment funds may not be meaningfully investing in sustainable investments if they contain less than 50% of sustainable investments.

Since November 2024, the guidelines have applied to UCITS management companies and AIFMs and are intended to ensure that investors are protected against unsubstantiated or exaggerated sustainability claims in fund names.

On 17 December 2024, the EU Platform on Sustainable Finance published a [report](#) on the categorisation of products under SFDR. It strongly supports establishing a categorisation scheme and outlines recommendations for the European Commission to implement as part of the SFDR review process.

The Platform recommends a categorisation scheme that is grounded in the sustainability strategy of a financial product and that aligns with an investor's values or impact objectives (which are identified using sustainability preferences).

Luxembourg

On 21 October 2024, the CSSF issued a [press release](#) reminding industry participants to ensure compliance with ESMA's guidelines on funds' names using ESG or sustainability-related terms and to self-assess the applicability of the guidelines, and confirming the implementation and use of a fast-track procedure for managers seeking to change the name of at least one sub-fund of their UCITS and/or AIF to comply with these guidelines.

On 18 December 2024, the CSSF updated its [FAQ](#) on SFDR which amended FAQs 6 and 7, and deleted FAQs 2, 9 and 10. The amended FAQs address (i) the use of exclusion strategies by article 8 and article 9 funds; and (ii) the use of ESG and/or sustainability related terminology in fund names.

1.5 Virtual General Meetings – New Companies Act

Most of the provisions of the [Companies \(Corporate Governance, Enforcement and Regulatory Provisions\) Act 2024](#) came into force on 3 December 2024 including a provision which permits companies to conduct general meetings in a fully virtual or in a hybrid format by electronic means unless expressly prohibited by a company's constitution. This temporary measure which was due to expire on 31 December 2024 and is now permanent.

The Act also reinstates permanently the temporary measure introduced under Covid legislation which facilitated the execution of instruments under seal on separate counterparts. It had expired on 31 December 2022. This means the process of executing documents under seal is quicker and easier.

For more information, please see [Incoming Amendments to the Companies Act 2014](#)

1.6 AML/CTF Developments

EU

On 25 October 2024, the Financial Action Task Force ("FATF") published outcomes from its plenary meeting. It

- Agreed to consult on proposed revisions to the FATF standards to support financial inclusion.
- Discussed ongoing work, including revising the standards to reflect the evolution of cross-border payment systems and changes to industry standards, as well as work on a comprehensive update on terrorist financing risks.
- Revised guidance on national money laundering risk assessments to reflect experiences and lessons learned since 2013, when the guidance was first issued. The revised guidance will help countries understand and mitigate their illicit finance risks.
- Discussed working with data protection and privacy experts, the private sector and other international partners on information sharing consistent with different national rules for anti-money laundering ("AML"), countering terrorist financing ("CTF"), countering proliferation financing and DPP.

On 4 December 2024, the EBA published a [consultation](#) on proposed amendments to Commission Delegated Regulation (EU) 2018/1108, which contains RTS relating to central contact points under the Fourth Money Laundering Directive (EU) 2015/849 ("MLD4"), to extend their application to cryptoasset service providers ("CASPs"). The deadline for responses is 4 February 2025.

On 6 December 2024, the FATF October 2024 [consultation](#) on proposed changes to its AML/CTF standards relating to financial inclusion closed. The proposed changes increase the standards' focus on proportionality and simplified measures in the risk-based approach. The revisions relate to recommendation 1 (Assessing money laundering and terrorist financing ("ML/TF") risks and applying a risk-based approach) and its interpretive note, with corresponding changes to recommendations 10 (Customer due diligence) and 15 (New technologies) and related Glossary definitions.

On 16 December 2024, the EBA published its [fourth report](#) on the functioning of AML/CFT colleges. It finds that competent authorities continued to improve the functioning of AML/CFT colleges in 2023. Nevertheless, further progress is needed especially in adjusting the functioning of AML/CFT colleges to the ML/TF risks to which the underlying firm is exposed and discussing the need for a common approach or joint action.

Ireland

The Central Bank was [prescribed](#) as the competent authority for CASPs for the purposes of section 60(1) of Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 from 30 December 2024. For more information please see, [Crypto-Asset EU Regulation: Key Irish Developments](#)

Luxembourg

On 9 December 2024, the CSSF [announced](#) that it will launch its annual AML/CFT questionnaire for the year 2024 on 24 February 2025. Entities which are required to respond to it must do so through the CSSF's eDesk portal by 4 April 2025. The CSSF has fined several entities in recent years for late or non-filing.

On 12 December 2024, the CSSF [published](#) an overview of the Preventing Terrorism Financing seminar held on 8 November 2024 in association with the Luxembourg financial intelligence unit, the CRF, the Luxembourg Bankers Association ("ABBL") and the Association of the Luxembourg Fund Industry ("ALFI"). The overview contains an introduction to the laws on terrorism financing, outlines the TF risks faced by the various financial sector entities, and how entities should adapt their internal procedures to identify and prevent TF. It also examines the relationship between counter-terrorism laws and targeted financial sanctions.

On 13 December 2024, the CSSF [published](#) a FAQ on conducting AML/CFT asset due diligence in accordance with [CSSF Regulation 12-02](#). It sets out the CSSF's responses to questions on when AML/CFT due diligence is required to be conducted on assets; whether a ML/TF risk assessment and related due diligence is required where those assets constitute securities admitted to trading on a regulated market; and whether an ML/TF risk assessment of assets should be performed annually if there is has been no change on those assets.

1.7 PRIIPs KIDs

The exemption provided to UCITS (and, where relevant, AIFs) from the calculation rules for "actual transaction costs" as outlined in Annex VI of the PRIIPs delegated regulation ended on 31 December 2024. Starting from 1 January 2025, PRIIPs that have been operational for over three years will be required to use the complete PRIIPs methodology (specifically, the 'arrival price') for determining transaction costs.

Luxembourg

On 18 November 2024, the CSSF updated its [FAQ](#) concerning the Luxembourg law of 12 July 2013 on alternative investment fund managers ("2013 Law") which amended FAQs 14(H) and 23(N) on the procedure for filing the final version of the PRIIPs KID with the CSSF and the acceptable communication methods for reporting requirements under the 2013 Law.

On 18 November 2024, the CSSF updated its [FAQ](#) on the key investor information document ("KIID") which amended FAQs 2, 9 and 11 on the procedure for filing the final KIID with the CSSF and the steps that must be completed prior to a UCITS issuing a share, a share class or sub-fund of such UCITS.

1.8 ESMA and EIOPA Letter on Retail Investment Strategy

On 13 November 2024, ESMA published a [joint letter](#) from it and EIOPA to the European Commission, the Council and the European Parliament on the retail investment strategy ("RIS") legislative proposals, which consist of the proposed Directive on retail investment protection and the proposed regulation amending the PRIIPs Regulation. It sets out their concerns on the RIS legislative proposals including:

- Value for money benchmarks - the proposals concerning national benchmarks, companies' peer grouping analysis with the peer group defined by the companies and the modified nature of the benchmarks for identifying outliers in the market would significantly undermine the effectiveness of the proposed value for money framework.

- Concerns on the Council's proposal that at least two member states would be needed to establish supervisory collaboration platforms.
- Resourcing implications.

1.9 ESMA Report on Shortening the Settlement Cycle in the EU

On 18 November 2024, ESMA published a [report](#) containing its assessment of the shortening of the settlement cycle in the EU. The Central Securities Depositories Regulation ("CSDR") mandates ESMA to submit this report to the European Parliament and Council by 17 January 2025. ESMA's assessment notes that:

- The settlement cycle should be shortened to the first business day after the transaction has been executed (T+1). A settlement cycle shorter than that (that is, T+0) can be envisaged in the longer term (after T+1 has been achieved in the EU) and pending a deeper assessment.
- The migration to T+1 should happen in Q4 2027. ESMA recommends 11 October 2027 as the optimal date for the transition. The complexity of this project requires specific governance to be put in place and ESMA also suggests following a co-ordinated approach with other jurisdictions in Europe.
- Amending Article 5(2) of CSDR and Commission Delegated Regulation (EU) 2018/1229 on settlement discipline is needed to have the legal certainty and to foster the necessary improvements in post-trading processes needed to have a successful EU move to T+1.
- The impact of T+1 in terms of risk reduction, margin savings and the reduction of costs linked to the misalignment with other major jurisdictions globally, represent important benefits for the EU capital markets.

ESMA will continue its work towards the shortening of the settlement cycle through its regulatory work relating to the revision of rules on settlement efficiency, as well as in the framework of the proposed T+1 governance.

1.10 EMIR Update

The Regulation on over the counter ("OTC") derivative transactions, central counterparties ("CCPs") and trade repositories ("TRs") ([EU 648/2012](#) ("EMIR")) is relevant to all Irish and Luxembourg funds trading in financial derivative instruments whether on an exchange or otherwise. UCITS and AIFs are financial counterparties for EMIR purposes and subject to the full scope of EMIR obligations.

On 20 November 2024, ESMA published a consultation on the conditions of the active account requirement under Regulation ([EU 2024/2987](#)) amending EMIR as regards measures to mitigate excessive exposures to third-country CCPs and improve the efficiency of Union clearing markets ("EMIR 3"). Article 7a of EMIR requires certain financial counterparties ("FCs") and non-financial counterparties ("NFCs") to hold, for certain categories of derivative contracts, at least one active account at an EU CCP. It also requires some of those FCs and NFCs to clear at least a representative number of trades in this account. The draft RTS on which ESMA is consulting is included in the consultation paper. The consultation closes on 27 January 2025. ESMA is required to submit the final draft RTS to the European Commission within six months of EMIR 3 entering into force.

On 29 November 2024, the ESAs' [short survey](#) aimed at collecting, ahead of EMIR 3 publication, information on UCITS and AIFs in scope of initial margin ("IM") model authorisation in the EU closed.

On 4 December 2024, EMIR 3 was published in the OJ along with Directive ([EU 2024/2994](#)) amending various directives as regards the treatment of concentration risk arising from exposures towards CCPs and of counterparty risk in centrally cleared derivative transactions ("Amending Directive").

EMIR 3 applies from 24 December 2024, subject to certain provisions which will not apply until the date of entry into force of certain technical standards. Member states must transpose the Amending Directive by 25 June 2026.

On 17 December 2024, EBA published a [no action letter](#) stating that competent authorities should not prioritise any supervisory or enforcement action in relation to the processing of applications for IM model authorisation received as a result of the entry into force of EMIR 3. The no action letter, developed in cooperation with ESMA and EIOPA applies until key deliverables mandated under EMIR 3 become applicable.

On 17 December 2024, ESMA published a [supervisory briefing](#) setting out its expectations relating to the ongoing monitoring of operational capacity of clearing members by CCPs under Article 37(2) of EMIR.

1.11 An Examination of the Primary and Secondary Market Trading Arrangements of ETFs

The Central Bank conducted a review of the primary and secondary market trading arrangements for Irish authorised ETFs in 2023. The review involved a quantitative and qualitative assessment of current practices in terms of the onboarding and ongoing oversight of the activities of Authorised Participants ("APs") and Contracted Market Makers ("CMMs").

On 28 November 2024, the Central Bank published an [industry letter](#) ("Letter") with the key findings from their 2023 review of the primary and secondary market trading arrangements of Irish authorised ETFs.

The Letter highlighted certain key areas that require attention and improvement to ensure the protection of ETF investors and the integrity of the ETF ecosystem. It notes the important roles performed by APs and CMMs in terms of reinforcing market liquidity for ETFs. It also emphasises the importance of effective oversight of these activities by the board of Fund Management Companies ("FMCs") in an effort to mitigate liquidity risks.

The Letter identified some key findings, including:

- Due diligence: Many FMCs need to improve their due diligence processes for APs and CMMs.
- Ongoing monitoring: There is a need for enhanced ongoing monitoring and regular reporting on the activities of APs and CMMs by FMCs.
- Board oversight: Boards of FMCs should receive more specific and regular updates on AP and CMM performance.
- Concentration risks: The review identified high concentration risks among a few key APs and CMMs.

The Letter states that FMCs should review the matters raised and, where appropriate, incorporate the necessary changes to their frameworks and practices by the end of Q2 2025.

The Letter recommended some key steps for FMCs to take in support of these findings:

- Assess and improve their current practices, particularly in due diligence and ongoing monitoring.
- Ensure enhanced reporting and regular updates to boards.
- Review and formalise their relationships with APs and CMMs and ensure effective contingency planning.

1.12 Central Bank Dedicated Fitness and Probity Unit

On 19 December 2024, the Central Bank [announced](#) the establishment of a dedicated fitness and probity ("F&P") unit in early 2025. This is because of the Enria report (an independent review of the F&P regime) published in July 2024 which recommended that the Central Bank should establish an F&P gatekeeping unit with responsibility for the entire gatekeeping process to remedy the present approach where F&P is governed across multiple teams within the regulator.

1.13 CSSF Thematic Review on Delegation of the Portfolio Management Function by Investment Fund Managers

On 24 October 2024, the CSSF published a [feedback report](#) with its findings and recommendations of a thematic review on the supervision of the delegation of the portfolio management function by investment fund managers ("IFMs"). Some of the key observations are as follows:

- IFMs are ultimately responsible for each delegated function and IFMs must put in place a delegation framework procedure for selecting and monitoring delegates, specifying 'who does what, when and how' within the IFM's organisation. IFMs must also retain documents proving the existence of such controls;
- Initial and periodic due diligence as well as ongoing monitoring of delegates is required. These measures must be formalised in written reports, validated, dated, and signed by a member of staff empowered to validate in accordance with the delegation framework procedure. Due diligence processes may not rely solely on self-assessment questionnaires or onsite visit memos;
- The delegation framework procedure should identify staff members empowered to validate delegation selection or changes, including the voting process and veto rights. Reasons for decisions regarding delegates should be documented;
- A written contract must be concluded between the IFM and each delegate, outlining the rights and obligations of each party. The contract should indicate (i) the investment policy; and investment limits; and (ii) a clause allowing the IFM to withdraw the mandate without delay when it is in the interest of the investors;
- IFMs and delegates must establish and maintain a business continuity plan, with regular testing and follow-up on improvements if results are unsatisfactory;
- IFMs should have contingency plans for withdrawing a delegate's mandate, including exit strategies and periodic reassessment of feasibility of each exit strategy;
- IFMs must ensure potential and actual conflicts of interest are identified and managed. A register of conflicts should be maintained, and persons concerned by such conflicts should refrain from related discussions and decisions;
- IFMs should monitor compliance with rules of conduct and personal transaction requirements, and include them in their internal audit plan; and
- IFMs should have adequate human and technical resources to monitor delegated functions, proportionate to the number of delegates and the complexity of the investment policies.

1.14 CSSF Circular 24/856 Update - Protection of Investors in Certain Cases

On 17 December 2024, the CSSF issued a [press release](#) regarding the replacement of the relevant notification forms previously in place for the purposes of CSSF Circular 02/77, which was repealed by CSSF [Circular 24/856](#) on the protection of investors in cases of NAV calculation errors, non-compliance with the investment rules, and other errors at the level of UCIs ("Circular"). These forms are available, from 1 January 2025, on the eDesk portal.

On 24 December 2024, the CSSF issued an [FAQ](#) on the Circular with questions on (i) the scope of application of the Circular; (ii) NAV calculation errors at UCI level; (iii) non-compliance with UCI

investment rules; (iv) other errors at UCI level; and (v) general guidelines on the correction of errors/instances of non-compliance.

On 31 December 2024, the CSSF issued a [press release](#) on the procedure to be followed when notifying the CSSF of errors and instances of non-compliance under the Circular. It clarified that from 1 January 2025 any detected errors or instances of non-compliance must be notified through the eDesk portal or an automated submission via API (S3 protocol) as further explained in the [practical and technical guidance](#) published on the same day.

1.15 MiCA Update

The Markets in Cryptoassets Regulation (EU) 2023/1114 ("MiCA") is the first European-level legislation introducing a harmonised and comprehensive framework for cryptoassets, covering issues from the offering to the public of cryptoassets to preventing market abuse in cryptoasset markets. The provisions relating to issuers of asset-referenced tokens ("ARTs") and e-money tokens ("EMTs") (that is, stablecoins) applied from 30 June 2024. The remaining provisions relating to CASPs applied from 30 December 2024.

On 8 November 2024, the Central Bank was designated as the Irish NCA under the [European Union \(Markets in Crypto-Assets\) Regulations 2024](#). They also set out administrative penalties and measures. On 25 November 2024, it published its template key facts document and guidance for firms seeking authorisation as CASPs in Ireland.

On 17 December 2024, ESMA published a [statement](#) on the transitional measures under MiCA. Under these provisions individual member states may allow CASPs to continue to provide services under their existing (pre-MiCA) national cryptoassets regime until 1 July 2026 or when their application for authorisation under MiCA has been granted or refused, whichever is sooner. A recently published list of [grandfathering periods](#) shows, member states have reduced transitional periods by differing lengths. ESMA states that this "inherently non-unified approach" means that CASPs will face different transitional periods depending on the member state(s) in which they are active.

For more information please see, [Crypto-Asset EU Regulation: Key Irish Developments](#)

1.16 DORA Update

Regulation (EU) 2022/2554 known as the Digital Operational Resilience Act ("DORA") will apply from 17 January 2025. It aims to strengthen the IT security of financial entities such as banks, insurance companies and investment firms.

On 23 October 2024, the European Commission adopted:

- [Commission Delegated Regulation](#) supplementing DORA with regard to RTS specifying the content and time limits for the initial notification of, and intermediate and final report on, major ICT-related incidents, and the content of the voluntary notification for significant cyber threats.
- [Commission Implementing Regulation](#) laying down implementing technical standards ("ITS") for the application of DORA with regard to the standard forms, templates and procedures for financial entities to report a major ICT-related incident and to notify a significant cyber threat.

The Council of the EU and the European Parliament will scrutinise the Delegated Regulation, however the Implementing Regulation will be published in the OJ without further scrutiny.

On 25 October 2024, the European Commission adopted a [Delegated Regulation](#) that supplements DORA regarding RTS on the harmonisation of conditions enabling the conduct of oversight activities in the EU. They cover the:

- Information to be provided by an ICT third-party service provider in the application for a voluntary request to be designated as critical.
- Information to be submitted by the ICT third-party service providers that is necessary for the lead overseer to carry out its duties. A template to be used by critical ICT third-party service providers when sharing required information on subcontracting arrangements to the lead overseer can be found in the Annex to the RTS.
- Details of the competent authorities' assessment of the measures taken by CTPPs based on the recommendations of the lead overseer.

The Council of the EU and the European Parliament will now scrutinise it.

On 6 November 2024, the Joint Committee of the ESAs published [final joint guidelines](#) on the oversight co-operation and information exchange between the ESAs and competent authorities under DORA. They apply from 17 January 2025. Competent authorities must notify the respective ESA whether they comply or intend to comply with the guidelines, or give reasons for non-compliance, within two months of publication of the translated versions in the EU official languages.

On 15 November 2024, the Joint Committee of the ESAs published a [decision](#) on the information that competent authorities must report to them for the designation of critical ICT third-party service providers ("CTPPs") under DORA. This includes timelines, frequency and reference dates, general procedures for the submission of information, quality assurance and revisions of submitted data, as well as confidentiality and access to information. As the deadline for the first submission of the registers of information to the ESAs is 30 April 2025, the ESAs expect competent authorities to collect the registers of information from the financial entities under their supervision in advance.

On 4 December 2024, the Joint Committee of the ESAs published a [statement](#) calling on financial entities and ICT third-party service providers to advance their preparations so they are ready to comply with DORA. They expect financial entities to:

- Identify and address gaps between their internal set-ups and the DORA requirements in a timely way.
- Prepare for the new reporting obligations, including making their registers of ICT third-party providers' contractual arrangements available early in 2025 so that competent authorities can report them to the ESAs by 30 April 2025.
- Ensure they are equipped to classify and report their major ICT-related incidents from 17 January 2025.

On 16 December 2024, the European Commission adopted a Delegated Regulation that supplements DORA regarding RTS, which specify the criteria for determining the composition of the joint examination team. It will enter into force on 5 January 2025.

On 22 December 2024, Commission Implementing Regulation ([EU](#) 2024/2956) laying down ITS with regard to standard templates for the register of information under Article 28(9) of DORA came into force. Financial entities are required to maintain and update a register of information relating to all contractual arrangements on the use of ICT services provided by ICT third-party service providers. The Regulation states that it is based on the draft ITS the ESAs submitted to the Commission in January 2024. Among other things, the Regulation refers to financial entities using a valid and active EU unique identifier ("EUID") or legal entity identifier ("LEIs").

Luxembourg

On 2 July 2024, the [Luxembourg law](#) implementing DORA was published in the Official Journal and comes into force from 17 January 2025.

On 7 October 2024, the CSSF [announced](#) the results of its August 2024 survey on the readiness of financial institutions for DORA. The survey, sent to nearly 500 financial entities, assessed the level of readiness for DORA; identified the main challenges encountered by financial entities; and raised awareness. The results show that over 90% of these entities had carried out a gap analysis against [maples.com](#)

the DORA requirements. In-scope entities had identified the challenges in achieving compliance with DORA as being contractual negotiations with ICT third party service providers, coordination with group entities, shortage of resources, and the short lead-in time.

1.17 IFR and IFD Update

The Investment Firms Directive (EU) 2019/2034 ("IFD") and the Investment Firms Regulation (EU) 2019/2033 ("IFR") governs the prudential regime for MiFID investment firms across the EU.

On 3 December 2024, the EBA published a [final report](#) with draft ITS amending Commission Implementing Regulation (EU) 2021/2284 with regard to the reporting of information on certain K-factor requirements. Commission Implementing Regulation (EU) 2021/2284 concerns supervisory reporting and disclosures of investment firms under the IFR. The reporting framework for investment firms is being amended to comply with changes being introduced by the CRR III Regulation (EU) 2024/1623. As the proposed amendments are not significant, the EBA has not consulted on the draft ITS. The amendments are expected to apply from 1 January 2025.

1.18 Benchmark Regulation Update

On 12 December 2024, the Council of the EU reached [provisional political agreement](#) with the European Parliament on the legislative proposal for a Regulation amending the Benchmarks Regulation (EU) 2016/1011 ("BMR") as regards the scope of the rules for benchmarks, the use in the Union of benchmarks provided by an administrator located in a third country and certain reporting requirements.

There is agreement to remove benchmarks defined as non-significant in the EU from the scope of the current rules. Additional qualitative criteria will be added to the calculation methodology for significant benchmarks. ESMA is to be granted extended competence, including supervising the endorsement of administrators, which will result in a single-entry point for all third country benchmark administrators in the EU. Supervised entities will only be allowed to use EU and third country benchmarks that claim to take ESG factors into account in their methodology if certain information is disclosed by the benchmark administrator.

The provisional agreement needs to be confirmed by the Council and the Parliament. Then final text will be published in the OJ, enter into force and apply from 1 January 2026.

1.19 IOSCO Consults on Updated Liquidity Risk Management Recommendations for CIS

On 11 November 2024, the International Organization of Securities Commissions ("IOSCO") published a [consultation report](#) on its revised recommendations for liquidity risk management ("LRM") for collective investment schemes ("CIS"). The original LRM recommendations were published in 2018. The revised recommendations consider the Financial Stability Board's revised recommendations to address structural vulnerabilities from liquidity mismatch in open-ended funds, which were published in December 2023 and take account of recent market events such as the COVID-induced market volatility and the Ukraine conflict.

The proposals consist of 17 recommendations organised into a revised structure with six sections: CIS design process; liquidity management tools and measures; day-to-day liquidity management practices; stress testing; governance; and disclosures to investors and authorities.

IOSCO has also published a [consultation](#) on guidance for open-ended funds for effective implementation of the recommendations for LRM. The guidance sets out technical elements focusing on open-ended funds, such as the determination of asset and portfolio liquidity and considerations relating to the calibration and activation of liquidity management tools and other liquidity management measures.

Feedback is requested by 11 February 2025.

1.20 European Systemic Risk Board Report on System-wide Approach to Macroprudential Policy

On 4 December 2024, the European Systemic Risk Board (ESRB) published a [report](#) setting out several areas in which legislative action by the European Commission is needed to support financial stability. It responds to the recently closed Commission consultation on macroprudential policies for non-bank financial intermediation and calls for a system-wide approach to macroprudential policy and advocates for a combined focus on entities and activities. It also sees a need to clarify the regulatory perimeter for crypto activities in MiCA and to harmonise the classification of crypto assets across Member States.

It has recommended that the Commission should focus on additional aspects in the second half of its legislative term including strengthening cross-border financial supervision and AIFMD reciprocity (Article 25 needs further review to guide regulators on its implementation).

1.21 CSDR Update

On 16 January 2024, the [Regulation](#) amending CSDR ("CSDR Refit") entered into force. It aims to reduce the financial and regulatory burden on central securities depositories ("CSDs") and improve their ability to operate across borders. Depending on the Articles, it applies from either 1 May 2024 or two years after entering into force.

On 18 November 2024, ESMA published a report containing its assessment of the shortening of the settlement cycle in the EU which is mandated by CSDR. For more detail see [ESMA Report on Shortening the Settlement Cycle in the EU](#) above.

On 19 November 2024 ESMA published their [final report](#) on the CSDR penalty mechanism which focuses on:

- alternative parameters to calculate the penalties due to lack of cash, when the official interest rate for overnight credit charged by the central bank issuing the settlement currency is not available;
- the treatment of historical reference prices for the calculation of late matching fail penalties;
- the design and level of the penalty rates for each asset class.

Commission Delegated Regulation (EU) 2017/389 specifies the parameters and methodology for the calculation of the level of cash penalties that CSDs will impose on and collect from failing participants in their securities settlement system. The European Commission will consider the report when they are amending this Delegated Regulation with the updated penalty mechanism being introduced once the amended regulation has been approved by the Commission, the Parliament and the Council of the EU.

1.22 MiFID / MiFIR Update

Ireland

On 10 October 2024, the Central Bank issued a 'Dear CEO' Letter with the findings of its thematic review of investment firms' application of the marketing communications disclosure requirements and outlined its expectations on the application of the MiFID II Marketing and Advertising Requirements. The review was conducted as part of an ESMA Common Supervisory Action ("CSA") and the findings have also been highlighted in ESMA's reports on the application of MiFID II marketing requirements.

For more information please see [CBI Finds Deficiencies in Marketing Practices of Investment Firms](#)

EU

Regulation (EU) 2024/791 ("MiFIR II") and Directive (EU) 2024/790 ("MiFID III"), which amended the Markets in Financial Instruments Regulation 600/2014/EU ("MiFIR") and the MiFID II Directive 2014/65/EU primarily to improve access to market data and trade transparency entered into force on

28 March 2024. MiFIR II applied immediately, however, member states have until 29 September 2025 to implement MiFID III.

On 3 October 2024, ESMA launched a three month [consultation](#) on draft RTS on transaction reporting and order book data under MiFIR in connection with the MiFIR review. The RTS aim to enhance the information available to stakeholders by simplifying and harmonising reporting requirements and to reduce reporting burdens.

On 16 October 2024, ESMA published an [updated version](#) of its manual on post-trade transparency under MiFID II and MiFIR. It has also published an [updated version](#) of its opinion on the assessment of pre-trade transparency waivers for equity and non-equity instruments under MiFIR. In its [press release](#), ESMA states that it has also updated its Q&As on transparency and market structure issues.

On 28 October 2024, ESMA launched a [consultation](#) on revisions to the research provisions in the MiFID II Delegated Directive because of EU Listing Act changes. ESMA's proposals aim to ensure that the remuneration methodology for joint payments for executing services and research does not prevent firms from complying with the best execution requirements and that the yearly assessment of research quality is based on robust criteria. The consultation closes on 28 January 2025 and ESMA aims to provide its technical advice to the European Commission in Q2 2025.

The Listing Act entered into force on 4 December 2024 and the Commission is required to adopt delegated acts in several areas within 18 months of this date. The Listing Act aims to make the EU's public capital markets more attractive, facilitate the listing of smaller companies and enhance legal clarity. Key amendments affect the Prospectus Regulation, the Market Abuse Regulation as well as MiFID II and MiFIR.

On 12 December 2024, ESMA published a [consultation](#) on draft technical advice on the implications of the Listing Act on the Market Abuse Regulation and MiFID II. Regarding MiFID II, ESMA's proposals cover: a systematic review of the relevant provisions in Commission Delegated Regulation 2017/565 to ensure that a Multilateral Trading Facility ("MTF") (or a segment of it) to be registered as small and medium-sized enterprises growth market complies with the relevant requirements in the revised MiFID II; and some conditions to meet the registration requirements for a segment of an MTF, as specified in the revised MiFID II. The consultation closes on 13 February 2025.

On 16 December 2024, ESMA published its:

- [final report](#) on proposed amendments to certain technical standards for commodity derivatives under MiFID III.
- [final report](#) on non-equity trade transparency, the availability of information on a reasonable commercial basis and reference data under MiFIR that reflect revisions made by MiFIR II.
- [final report](#) on equity transparency measures under MiFIR II and MiFID III; and
- [final report](#) on new and revised technical standards for consolidated tape providers ("CTPs") and other data reporting services providers ("DRSPs") under MiFIR II.

ESMA has submitted the four reports to the European Commission which has three months to decide whether to endorse the proposed amendments.

On 18 December 2024, ESMA published a [consultation](#) on draft RTS for the establishment of an EU code of conduct for issuer-sponsored research. The consultation closes on 18 March 2025. ESMA will consider the feedback received and expects to publish a final report and submit the final draft RTS to the European Commission for endorsement by 5 December 2025.

1.23 EU Securitisation Regulation

On 4 December 2024, the European Commission's eight week [targeted public consultation](#) on the functioning of the EU securitisation framework closed. It aimed to identify potential areas for improvement.

On 20 December 2024, ESMA published a [feedback statement](#) summarising the responses it received to its December 2023 consultation on the securitisation disclosure templates under the Securitisation Regulation. It analyses stakeholder feedback on the costs and benefits of revising the existing disclosure framework, in line with the four potential implementation options proposed in the consultation.

The respondents acknowledge the need for further improvements to the securitisation transparency regime but recommend postponing the template review due to concerns about its timeline in relation to a broader SECR review. Stakeholders asked ESMA to prioritise short-term solutions that address the most pressing industry challenges, such as regulatory compliance costs, and the need for a simplified template for private securitisations.

ESMA will work with the European Commission to explore whether interim adjustments to the technical standards, particularly regarding disclosures for private securitisations, can be implemented before the review of the L1 text.

1.24 ESAs 2025 Work Programme

On 7 October 2024, the Joint Committee of ESAs published its [work programme](#) for 2025. The priorities for 2025 relate to the following:

- Sustainability disclosures. Among other things, the ESAs will publish a further report on reporting PAIs under Article 18 of SFDR and continue to update Q&As on sustainability disclosures under the SFDR Delegated Regulation. The ESAs may also start work on new technical standards relating to ESG rating disclosures introduced into Article 13 of SFDR by the Credit Rating Agencies Regulation.
- Digital operational resilience. The ESAs' work will include launching the oversight framework of critical ICT third-party providers and implementing the major ICT-related incident co-ordination framework in accordance with DORA.
- Financial conglomerates. The ESAs will publish the annual list of financial conglomerates and work on specific conglomerates' reporting templates.
- Innovation. The ESAs, through the European Forum for Innovation Facilitators, will further promote co-ordination and co-operation among national innovation facilitators to foster the scaling up of innovation in the financial sector across the EU in line with the European Commission's digital finance strategy.
- Cross-sector issues. The ESAs will address cross-sectoral matters such as retail financial services, investment products and securitisation. They will also continue to fulfil their mandate on the mapping and monitoring of external credit assessment institutions under the Capital Requirements Regulation and the Solvency II Directive.

1.25 2023 ESMA Consolidated Annual Report on Sanctions

On 11 October 2024, ESMA published its first [annual consolidated report](#) on sanctions and measures imposed by NCAs in member states in 2023. It relates to sanctions and measures under AIFMD, the BMR, CSDR, the Crowdfunding Regulation, EMIR, the Market Abuse Regulation, MiCA, MiFID II, MiFIR, the Prospectus Regulation, SFTR and the UCITS Directive.

Overall, the report notes that there is room for greater convergence between NCAs in exercising their sanctioning powers. The highest amounts of administrative fines were imposed under the Market Abuse Regulation and MiFID II. No administrative sanctions and measures were imposed under the BMR, the Crowdfunding Regulation, SFTR or MiCA.

1.26 Investment Fund Statistics

Ireland

The main points to note in the Central Bank's [Q3 2024 statistics](#) issued in November 2024 are as follows:

- The net asset value ("NAVs") of Irish-resident investment and money market funds increased for the eighth successive quarter, by €185bn to €4,676 billion, in Q3 2024, driven by transaction inflows of €49 billion and positive revaluations of €33 billion.
- Similar to the previous quarter, equity funds display the most significant NAV increase of €80bn, followed by money market funds which increased by €50 billion, and bond funds, increasing by €45 billion. Mixed and other funds showed only marginal growth with €2 billion and €3 billion increases, respectively, while the NAV of hedge funds decreased by €4 billion.
- Equity and bond fund NAV increases account for most of the overall gains of investment funds, with these increases continuing the ongoing trends which reflect the popularity of passive, index tracking funds, such as bond and equity ETFs, when compared to actively managed funds.
- In Q3 2024, the increase in holdings of both debt securities and equity continued. Equity holdings increased by €82 billion, primarily driven by investor inflows. Debt securities increased by €56bn which was entirely due to investor inflows.
- The total NAV of Irish-resident investment funds is unevenly split for the holders of IF liability equities. The UK remained the most important holder holding €1,599 billion (41%) of the total equity (€3,866 billion). Together with the Netherlands (€451 billion - 12%) and Luxembourg (€370 billion – 10%), investors of these three countries hold 63% of the total equity in Irish investment funds.

Luxembourg

The main points to note in the CSSF's [November 2024](#) update for regulated Luxembourg funds are as follows:

- Total net assets held by Luxembourg UCITS, Part II UCIs, SIFs and SICARs (regulated Luxembourg investment funds) amounted to € 5,840.177 billion as of 30 November 2024.
- The number of CSSF-regulated Luxembourg investment funds active in the markets totals 3,161.
- Of the 3,161 active Luxembourg investment funds, 2,081 entities adopted an umbrella structure and together have a total of 12,568 sub-funds. The remaining 1,080 are structured as stand-alone funds.
- As of November 2024, there were a total of 13,648 fund units.
- During November 2024, there were more redemptions than subscriptions in equity funds and more subscriptions than redemptions in fixed income funds.

In addition, the number of Luxembourg RAIFs reached 2,829 as of 2 January 2025.

2 Cross Border Marketing

For more information on this topic please see our [Global Registration Services Market Update Q4 2024](#)

3 Tax

3.1 Irish Finance Act 2024

On 12 November 2024, the Irish Finance Act 2024 was signed into law.

It amended the scope of the VAT management exemption that applies to EU AIFs. This is particularly relevant to AIFs which are established as 1907 limited partnerships ("LP"). Previously, the VAT exemption did not apply where the LP was managed by an Irish AIFM. This has now been corrected and there is likely to be increased use of such LPs in the future.

As a result of the OECD initiative on a 15% global minimum tax, Ireland imposes a qualified domestic top-up tax ("QDTT") on certain entities. The legislation now exempts certain standalone investment undertakings, including ICAVs, unit trusts, CCFs and investment limited partnerships from this QDTT. This is a welcome simplification.

The Finance Act also includes a participation exemption for qualifying foreign dividends from 1 January 2025 subject to certain conditions. The participation exemption will enhance the Irish corporate tax regime for holding company and private equity fund structures and align Ireland with many EU and OECD member states. For more information please see [Irish Finance Bill 2024 – Implications for International and Irish Business](#)

3.2 Luxembourg Tax Reform Package Enters into Law

On 11 December 2024, the Luxembourg Parliament voted to approve two bills (draft bills number [8414](#) and [8388](#)) covering a wide scope of Luxembourg taxation to enhance Luxembourg's competitiveness for both Luxembourg vehicles and attracting talent. Highlights of the new Luxembourg tax measures include:

- A reduction of the Luxembourg corporate income tax rate from 17% to 16%, which results in a new lower aggregate rate of 23.87%, down from 24.94% for Luxembourg City resident entities (includes corporate income tax, municipal business tax, and solidarity surcharge);
- An exemption of actively managed exchange trading funds from subscription tax;
- Codification of when a buy-back of a class of shares will qualify as a partial liquidation and thus be outside the scope of withholding tax on dividends;
- A reduction and simplification of the annual net worth tax amounts due per bracket now ranging from EUR 535 to EUR 4,815 (prior to the reform the highest minimum net worth tax bracket resulted in EUR 32,000);
- A new exception to Luxembourg's interest limitation rules on their application available to a 'single entity group', which should have a positive impact for orphaned security structures; and
- Several enhancements for high valued employee compensation including a totally revamped impatriate regime enabling an income tax exemption on salaries of up to 50%, an enhanced profit-sharing scheme for employees, and newly introduced partial exemptions to bonuses paid to employees under 30.

For more information please see [New Luxembourg Tax Reforms Aim to Boost International Business and Investment Appeal](#)

3.3 Updated Guidelines for Undertakings for Collective Investment and Tax Residency Certificates

On 24 December 2024, the Luxembourg tax authorities issued [Circular L.G.- A n°61](#) updating the guidelines on the issuance of tax residency certificates for UCIs. It largely replicates the guidance of the previous (2017) circular and includes guidance on which of the 88 double tax treaties ("DTT") with Luxembourg are applicable to UCIs. It further elaborates on different approaches to treaty benefits between UCIs in corporate form versus transparent form and also updates the list of new DTTs including several countries whose DTT now allows UCIs to obtain treaty benefits including Ethiopia, France, Rwanda, and the UK.

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